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Wade S. Williams

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AICPA *Washington Report*

July 8, 1974
Volume II, Issue 38

WASHINGTON REPORT SUMMARY

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AGRICULTURE, DEPARTMENT OF

Proposed modifications to Rural Electrification Administration's Form 7, Financial and Statistical Report, and Form 7a, the Annual Supplement, appear in the 7/2/74 Fed. Reg., p. 24375. The changes are being made to conform to new accounting requirements and provisions of the common mortgage-on borrowers' property held by REA and supplemental lenders. Two new items in Part A of Form 7 will provide for accounting changes recently adopted in the REA uniform system of accounts. The comment period expires 7/17/74.

Proposed amendments to the Commodity Exchange Authority regulations affecting futures commission merchants appear in the 7/1/74 Fed. Reg., p. 24235. The changes will require all futures commission merchants to render all customers a monthly statement showing the customer's net unrealized profit or loss in all open contracts figured to the market. Comment period expires 8/12/74.

CIVIL AERONAUTICS BOARD

Proposed amendments to the uniform system of accounts and reports for certificated air carriers appear in the 7/1/74 Fed. Reg., p. 24238. The changes affect Part 241 of the Economic Regulations which would require the reporting of fuel inventories on a system basis and fuel consumption by type of service and specific markets. The comment period expires 7/29/74.

COMMERCE, DEPARTMENT OF

Finalized amendments concerning financial responsibility under the Federal Maritime Commission regulations affecting water carriers have been issued. (see 6/27/74 Fed. Reg., p. 23261). There are requirements for certification of balance sheets and statements by CPAs.

COST ACCOUNTING STANDARDS BOARD

Senator Proxmire has urged adoption of the CASB Standard on accelerated depreciation. "The Board has taken a step in the right direction. Now it needs to act promptly to adopt the proposed Standard for mandatory application to negotiated defense contracts," he stated.

Aerospace Industries Association President Karl G. Harr, Jr. expressed surprise at the Proxmire statement. Harr noted that contractors are required to follow depreciation accounting practices consistent with businesses generally and which are acceptable to the Treasury, IRS and the accounting profession. "This method of depreciation has been used by accountants for decades and authorized by the Government for income tax purposes since 1954," Harr stated.

COST OF LIVING COUNCIL

Proposed rules redefining which portions of the Forms CLC-2 and CLC-22 must be disclosed and which portions contain proprietary information, and need not be disclosed, have been issued. (See 6/27/74 Fed. Reg., p. 23272). As a result of court action, the CLC has been ordered to revise specific portions of the regulations affecting these reporting requirements. It also required that all quarterly reports submitted for public disclosure after 4/30/74 must be revised in accordance with final regulations to be issued to replace those regulations declared invalid. Comment period expires 7/11/74. (only 14 days from date of publication were allowed for comments).

FEDERAL ENERGY ADMINISTRATION

The FEA is officially "born." The Executive Order (11790) creating the new agency and abolishing the former "Federal Energy Office," was issued 7/27/74 and published in the Fed. Reg. that date. The enabling legislation (H.R. 14368) had been approved by the President the day before. (P.L. 93-319). A new FEA organization chart is available by calling 202/961-6291.

FEDERAL RESERVE BOARD

Finalized amendments to Parts 207, 220, and 221 affecting securities credit transactions were published in the 7/1/74 Fed. Reg., p. 24220. The purpose of the amendments is to modify the requirements for inclusion and continued inclusion on the List of OTC Margin Stocks in the light of changes in the OTC market, particularly the development of the NASDAQ.

FEDERAL TRADE COMMISSION

Further probes by the FTC of corporate interlocks is being urged by Sen. Lee Metcalf (D-Mont.), chairman of the Senate's Subcommittee on Budgeting, Management and Expenditure. His group has been conducting hearings on cross ownership of U.S. banks and industrial corporations. Metcalf wants the Government to devise a standardized questionnaire on ownership and control of all regulated corporations and bonds to be publicly available and centrally located.

GENERAL ACCOUNTING OFFICE

Finalized rules governing the submission to and review by GAO of independent regulatory agency plans and forms appear in the 7/2/74 Fed. Reg. at p. 24345. These regulations were promulgated pursuant to P.L. 93-153 and affect the AEC, CAB, CPSC, EEOC, FCC, FEA, FMC, FPC, FTC, ICC, NLRB, and SEC.

OFFICE OF FEDERAL PROCUREMENT POLICY

A bill to establish an "OFPP" within the Office of Management and

Budget (OMB) has been approved by the House Government Operations Committee. The bill (H.R. 15233) differs significantly from the Senate-passed version (S. 2510). Final action by the House is not expected until later this month.

RENEGOTIATION BOARD

An 18-month extension of the Renegotiation Act has been approved and signed by the President. The report which accompanied the bill (H.R. 14833) indicated that this will provide sufficient time for the congressional staff to complete its investigation of the Board's activities. An effort was made in the Senate to cut the extension to 12 months, but it was deleted prior to final adoption.

SECURITIES AND EXCHANGE COMMISSION

Commissioner Loomis recently addressed a group on the subject of "current SEC projects in accounting and financial reporting." He emphasized a desire on the part of the Commission "to cooperate fully with accountants in the private sector, both private practitioners and those in corporate management." The concept of a "corps of federal auditors," wisely rejected in 1933, remains as objectionable now as it was then, he added.


The House has approved appropriations totalling \$43,077,000, an increase of \$946,000 in the SEC's budget request. The Committee recommended a staff increase "to enable the proper discharge of the Agency's growing responsibilities. . .".

STATE, DEPARTMENT OF

Harry C. Cromer, CPA, has been sworn in as Auditor General of the U.S. Agency for International Development (AID). Prior to his appointment, he was serving as a staff consultant with the House Committee on Foreign Affairs, and before that, he was with a public accounting firm in California.

SPECIAL: ACIR ISSUES 15TH ANNUAL REPORT AND STUDY ON FEDERALISM IN 1973

The Advisory Commission on Intergovernmental Relations has issued its 15th Annual Report which highlights its 1973 activities including the monitoring of revenue sharing programs and a study of sub-state regionalism. Additionally, a report entitled "Federalism in 1973: The System Under Stress" has been released, which assesses the state of the federal system in such areas as confidence in government, energy versus the environment, and inflation and fiscal federalism. A limited number of copies of these publications, numbered M-80 and M-81, respectively, are available by contacting the Commission at 202/382-4953.


Wade S. Williams
Manager
Federal Information
(202) 872-8190